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SUBJECT: MEXICAN AVOCADO GROWERS DETERMINED TO KEEP
CALIFORNIA MARKET OPEN

¶1. (U) This message is based on information and analysis from Embassy Mexico's Foreign Agricultural Service Office, including the November 30, 2006 USDA Global Agriculture Information Network Report Number MX6101.

SUMMARY

¶2. (U) The Avocado Producers and Exporters Association of Mexico (APEAM) is girding itself for a legal struggle to defeat attempts by the state of California and the California Avocado Commission (CAC) to close the state to imports of Mexican avocados. All imported Mexican avocados come from Michoacan, which is President Calderon's home state and a leading source of out-migration to the U.S. End summary.

MEXICAN AVOCADO EXPORTS ON THE RISE

¶3. (U) Mexico's avocado industry has made great strides in recent years. Though the domestic market continues to absorb the majority of Mexican production, exports are growing rapidly, due a number of factors. First, the USG has progressively opened up the U.S. market, granting Mexican Hass avocados access to all U.S. states except California, Florida, and Hawaii on a year-round basis on January 1, 2005, and year-round access to California, Florida, and Hawaii starting February 1, 2007. Just as important, Mexican growers (with the support of Mexican agriculture officials) have generally been successful in implementing phytosanitary requirements and good manufacturing practices for fresh avocados. Even though these practices increase production costs, the industry recognizes that they are key to maintaining access to overseas markets. Mexican avocado exports to the U.S. have grown from 112,000 metric tons in Market Year 2004-05 to 130,000 metric tons in Market Year 2005-06. U.S. imports for the Market Year 2006-2007 will likely jump even higher, due to the combination of the freeze that wiped out roughly a quarter of California's production in January 2007 and the February 1 opening of the avocado markets in that state plus Florida and Hawaii.

CALIFORNIA GROWERS ATTEMPT TO RE-CLOSE DOOR

¶4. (U) The California legislature and the California Avocado Commission (CAC) are taking a number of steps to reverse the February 1, 2007 opening of the California market to avocados imported from Mexico. This week the CAC filed a lawsuit

against USDA seeking an injunction against Mexican imports based on the presence of an armored pest on Mexican avocados that USDA's Animal and Plant Health Inspection Service, or APHIS, considers to pose no phytosanitary risk. In addition, members of the California state Senate recently proposed the California Avocado Pest and Disease Prevention Act of 2007, which if signed into law would give the state's avocado industry some degree of regulatory authority over out-of-state competitors. This bill has passed the Senate Agriculture Committee but must successfully negotiate a number of other legislative steps before it becomes state law.

MEXICANS FIGHTING BACK

15. (U) Worried about losing access to the recently opened and highly lucrative California market, the Avocado Producers, Packers, and Exporters Association of Mexico (APEAM) has committed considerable resources to supporting the U.S. Justice Department's defense of USDA's decision to open up the California market against the CAC suit. If an injunction is granted versus imported Mexican avocados, APEAM hopes to be able to win status as an economically harmed party, which would allow APEAM to appeal any putative injunction.

MICHOACAN - LEADING EXPORTER OF AVOCADOS, ILLEGAL IMMIGRANTS

16. (U) The state of Michoacan, just west of the state of Mexico, is far and away the country's leading grower of avocados, accounting for roughly 88 percent of national production. Michoacan is also the only state in Mexico that has been certified by APHIS to export avocados to the United States. It is also worth noting that Michoacan is one of the

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leading sources of immigrants (documented and undocumented) to the United States. We have no data at this time suggesting how many jobs in Michoacan are directly connected to avocado exports to California, but it seems clear that many Michoacanos respond to unemployment by looking for work north of the border.

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